



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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January 28, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Wendy L. Watanabe *Wendy L. Watanabe*
Auditor-Controller

SUBJECT: **SUNBRIDGE HARBOR VIEW REHABILITATION CENTER, INC. DBA
HARBOR VIEW BEHAVIORAL HEALTH CENTER CONTRACT REVIEW
– A DEPARTMENT OF MENTAL HEALTH SERVICE PROVIDER**

We completed a program and fiscal contract compliance review of Sunbridge Harbor View Rehabilitation Center, Inc. dba Harbor View Behavioral Health Center (Harbor View or Agency), a Department of Mental Health (DMH) service provider. The purpose of our review was to determine whether Harbor View provided the services, maintained proper documentation and appropriately accounted for and spent DMH program funds, as required by the County contract. Contract services include interviewing program clients, assessing their mental health needs, and developing and implementing a treatment plan.

DMH paid Harbor View on a cost-reimbursement basis for services or approximately \$4.9 million for Fiscal Year (FY) 2009-10. The Agency's headquarters is located in New Mexico and the Agency has an office in the Fourth District.

Results of Review

Harbor View maintained documentation to support the mental health services billed and staff assigned to the County contract possessed the required qualifications. However, Harbor View charged \$12,678 in questioned costs and did not always comply with the County contract requirements. Specifically, Harbor View:

- Charged DMH \$12,678 (\$7,885 + \$3,284 + \$1,509) for employees' bonuses, meals and petty cash expenditures without adequate documentation to support the expenditures.

Harbor View's attached response indicates that they will revise their FY 2007-08 Cost Report to reduce the program expenditures by the \$12,678.

- Did not maintain adequate control over petty cash funds. Specifically, Harbor View regularly used petty cash funds for non-incidental purchases.

Harbor View's attached response indicates that they will train their staff regarding approval of petty cash funds.

- Did not complete some elements of the participants' Assessments, Client Care Plans, Progress Notes and Informed Consents in accordance with the County contract.

Harbor View's attached response indicates that the Agency's clinical supervisors will review all charting elements concurrently by utilizing an electronic health record system and that the Quality Improvement staff will meet with psychiatrists to confirm that consents are completed and documented.

We have attached the details of our review along with recommendations for corrective action.

Review of Report

We discussed the results of our review with Harbor View and DMH. In the attached response, the Agency concurred with our recommendations and agreed to reduce their FY 2007-08 Cost Report by \$12,678. DMH will follow-up to ensure that the recommendations were implemented.

We thank Harbor View management for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Dr. Marvin J. Southard, Director, Department of Mental Health
Brent Weil, President, Board of Directors, Harbor View
Michael Gassis, Regional Administrator, Harbor View
Public Information Office
Audit Committee

**DEPARTMENT OF MENTAL HEALTH
HARBOR VIEW BEHAVIORAL HEALTH CENTER
FISCAL YEAR 2009-10**

BILLED SERVICES

Objective

Determine whether Sunbridge Harbor View Rehabilitation Center, Inc. dba Harbor View Behavioral Health Center (Harbor View or Agency) provided the services billed in accordance with their County contract with the Department of Mental Health (DMH).

Verification

We selected 35 billings totaling 4,307 minutes from 429,021 service minutes and 10 full-day billings from 825 service days of approved Medi-Cal billings for May and June 2009, which were the most current billings available at the time of our review (October 2009). We reviewed the Assessments, Client Care Plans, Progress Notes and Informed Consents maintained in the clients' charts for the selected billings. The 4,307 minutes and 10 days represent services provided to 20 program participants. In addition, we reconciled an additional 80 service days billed for the Day Treatment Intensive (DTI) Program to the client attendance sheets.

Results

Harbor View maintained documentation to support the service minutes and service days billed to DMH. However, the Agency did not always complete some elements of the Assessments, Client Care Plans, Progress Notes and Informed Consents in accordance with the County contract requirements.

Assessments

Harbor View did not adequately describe the clients' symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorder (DSM) to support the given diagnosis for four (20%) of the 20 clients sampled on their Assessments. An Assessment is a diagnostic tool used to document the clinical evaluation of each client and establish the client's mental health treatment needs. The County contract requires Agencies to follow the DSM when diagnosing clients.

Client Care Plans

Harbor View did not complete the Client Care Plans for nine (45%) of the 20 clients sampled in accordance with the County contract. Specifically:

- Six Client Care Plans did not contain goals and planned interventions for each type of treatment provided.

- Three Client Care Plans contained goals that were not observable and/or quantifiable.

Progress Notes

The Agency did not complete three (9%) of the 35 Progress Notes in accordance with the County contract. Specifically, the three Progress Notes for the Medication Support Services did not indicate that the clients were questioned about medication compliance.

Informed Consent

Harbor View did not document the Informed Consent for one (20%) of the five charts sampled, in which the client received treatment with psychotropic medication. Informed Consent is the client's agreement to a proposed course of treatment based on receiving clear, understandable information about the treatments' potential benefits and risks.

Recommendations**Harbor View management:**

1. **Ensure that Assessments, Client Care Plans and Progress Notes are completed in accordance with the County contract.**
2. **Ensure that Informed Consent is obtained and documented in the client's chart prior to treatment with psychotropic medication.**

STAFFING LEVELS**Objective**

Determine whether Harbor View met the staffing level requirements for the DTI Program in accordance with the County contract.

Verification

We selected five days that Harbor View billed for the DTI Program and reviewed the client attendance sheets, staff sign-in sheets and staff timecards.

Results

Harbor View met the staffing ratio requirements for all five days tested.

Recommendation

None.

STAFFING QUALIFICATIONS**Objective**

Determine whether Harbor View's treatment staff possessed the required qualifications to provide the services.

Verification

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for 16 of the 55 Harbor View treatment staff who provided services to DMH clients during May and June 2009.

Results

Each employee in our sample possessed the qualifications required to provide the services billed.

Recommendation

None.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue were properly recorded in the Agency's financial records and deposited timely in their bank account. In addition, determine whether the Agency maintained adequate controls over cash and other liquid assets.

Verification

We interviewed Harbor View management and reviewed the Agency's financial records. We also reviewed the Agency's bank reconciliation for September 2009.

Results

Harbor View maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner. However, Harbor View did not maintain adequate control over petty cash funds. Specifically, Harbor View regularly used petty cash funds for non-incidental purchases and for purchases exceeding \$100 without prior approvals, which was not allowed per the Agency's Petty Cash Policies and Procedures. The County contract also does not allow Agencies to use petty cash funds for non-incidental purchases. Additional petty cash findings are reported in the Cost Report section of this report.

Recommendation

3. Harbor View management comply with the Agency's petty cash policy and procedures and the County contract when disbursing petty cash funds.

COST ALLOCATION PLAN**Objective**

Determine whether Harbor View's Cost Allocation Plan was prepared in compliance with the County contract and used to appropriately allocate shared program expenditures.

Verification

We interviewed Agency management and selected a sample of expenditures to ensure that expenditures were properly allocated to the Agency's programs.

Results

Harbor View prepared its Cost Allocation Plan in compliance with the County contract and appropriately allocated the Agency's expenditures. In addition, the allocated expenditures were allowable and properly documented.

Recommendation

None.

EXPENDITURES**Objective**

Determine whether program expenditures were allowable under the County contract, properly documented and accurately billed.

Verification

We did not perform test work in this area, as Harbor View does not charge DMH for direct program expenditures. Harbor View's expenditures were tested in the Cost Allocation Plan section above.

Recommendation

None.

FIXED ASSETS**Objective**

Determine whether fixed asset depreciation costs charged to the DMH program were allowable under the County contract, properly documented and accurately billed.

We did not perform test work in this area, as Harbor View did not charge DMH fixed asset depreciation costs during Fiscal Year (FY) 2008-09.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the DMH program. In addition, determine whether personnel files were maintained as required.

Verification

We traced the payroll expenditures totaling \$52,222 for 20 employees to the payroll records and time reports for the pay period ending August 24, 2009. We also interviewed eight employees and reviewed personnel files for the 20 employees.

Results

Harbor View's payroll expenditures were appropriately charged to the DMH program. In addition, the Agency maintained the personnel files as required.

Recommendation

None.

COST REPORT**Objective**

Determine whether Harbor View's FY 2007-08 Cost Report reconciled to the Agency's financial records.

Verification

We traced the Agency's FY 2007-08 Cost Report to the Agency's general ledger.

Results

Harbor View's total expenditures listed on their FY 2007-08 Cost Report reconciled to the Agency's accounting records. However, Harbor View charged DMH \$12,678 in questioned costs during FY 2007-08. Specifically, Harbor View charged DMH:

- \$7,885 for employees' bonuses without documentation to support the recipient names, award amounts and authorization.
- \$3,284 for meal costs for their employees using petty cash funds. The County contract does not allow Agencies to charge meal costs for employees not related to client treatment or care.
- \$1,509 for petty cash expenditures without external receipts, purpose of purchases, names of recipients or employees who made the purchases. The County contract requires petty cash disbursements be supported by invoices, store receipts or other external authenticating documents indicating the item purchased and the employee making the purchase.

Recommendations**Harbor View management:**

4. **Revise the FY 2007-08 Cost Report to reduce the reported program expenditures by \$12,678 (\$7,885 + \$3,284 + \$1,509) and repay DMH for any excess amount received.**
5. **Ensure that program expenditures are supported by adequate documentation.**
6. **Ensure that only allowable program expenditures are charged to the DMH program.**

PRIOR YEAR FOLLOW-UP**Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from FY 2004-05 monitoring review were implemented. The report was issued on September 2, 2005.

Results

Our prior monitoring report contained four recommendations. Harbor View implemented all four recommendations.

Recommendation

None.



Caring is the Key in Life

September 23, 2010

County of Los Angeles
Department of Auditor-Controller
500 W. Temple St., Room 525
Los Angeles, CA 90012-3873

Attention: Wendy L. Watanabe, Auditor-Controller

Dear Ms. Watanabe:

We are in receipt of your report detailing the program and fiscal contract compliance review conducted in 2009. Our agency will respond to the results of the review and discuss implementation of any correction actions below, corresponding to the notes of the review.

Billed Services:

In the report, it was stated that Harbor View had sufficient documentation to support service minutes and days billed to DMH, but that elements of the Assessments, Client Care Plans, Progress Notes and Informed Consents were not completed on a consistent manner. Actions have been taken in the following recommendations:

- *Ensure that Assessments, Client Care Plans and Progress notes are completed in accordance with the County contract.* Since the reporting period, Harbor View has started to use an electronic health record system (Exym); with this system, all these charting elements are subject to 100% concurrent review by the employee's clinical supervisor to ensure the completion and quality of documentation.
- *Ensure that Informed Consent is obtained and documented in the client's chart prior to treatment with psychotropic medication.* Quality improvement staff are now meeting with the psychiatrists to confirm that consents are completed and documented.

Cash/Revenue

The report indicated that although Harbor View had controls for proper documentation of revenue, it did not exhibit proper control over petty cash funds. The following recommendation has received actions:

- *Harbor View management comply with the Agency's petty cash policy and procedures and the County contract when disbursing petty cash funds.* The Agency has reviewed the Petty Cash Policy and has trained Business Office staff to conform with the policy regarding approval of funds.

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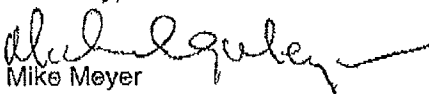
Expenditures

The report stated that Harbor View charged DMH for questioned costs, including employee bonus expenditures without documentation, meals costs using petty cash funds, and expenditures without external receipts. The following recommendations were reviewed for actions:

- *Revise the FY 2007-08 Cost Report to reduce the reported program expenditures by \$12,678 and repay DMH for any excess amount received. Harbor View will revise its Cost Report and work with DMH to submit this on a timely basis.*
- *Ensure that program expenditures are supported by adequate documentation. Harbor View has implemented a system that matches expenditures with receipts for expenses and when indicated, including client information on the documentation.*
- *Ensure that only allowable program expenditures are charged to the DMH program. Harbor View will develop separate line items for non program expenditures.*

We have implemented all of these measures and are continuing to monitor our compliance. We appreciate the feedback from the report and will work to improve our program and clinical performance.

Sincerely,


Mike Meyer
Administrator